

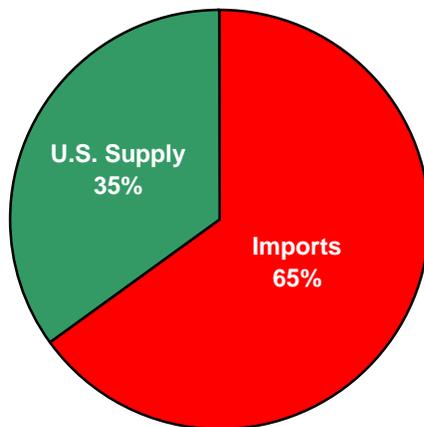
Consumers Transportation and Security Act of 2006

Strategic Vision for Energy Independence

Dependence on Foreign Oil

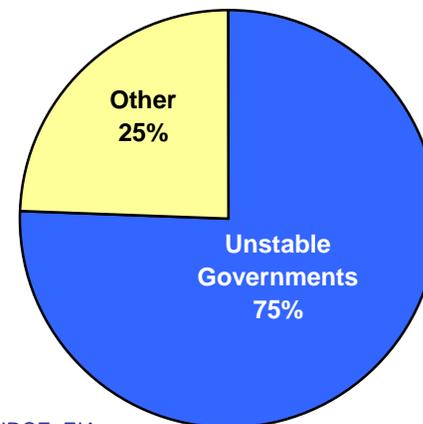
- In 2005 the U.S. imported 3.7 billion barrels of crude oil
 - 75% of these imports came from unstable governments with a high risk of supply disruption

U.S. Crude Oil Consumption



SOURCE: EIA

2005 U.S. Imports



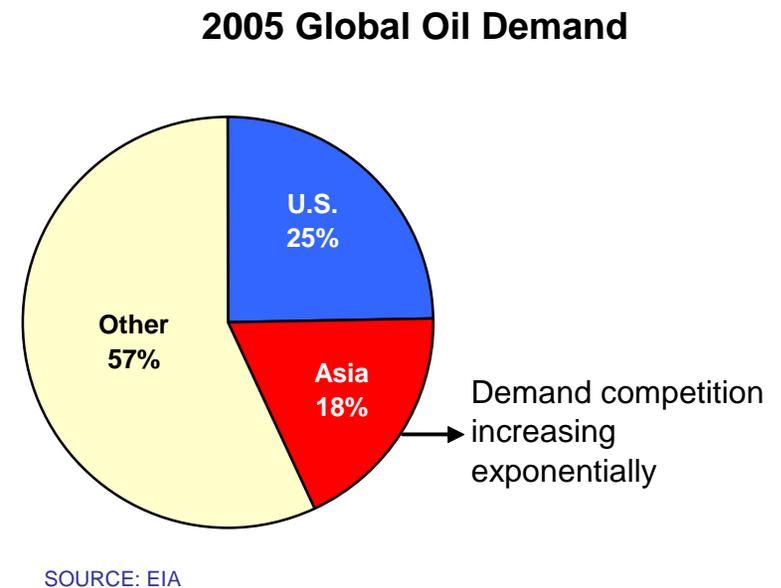
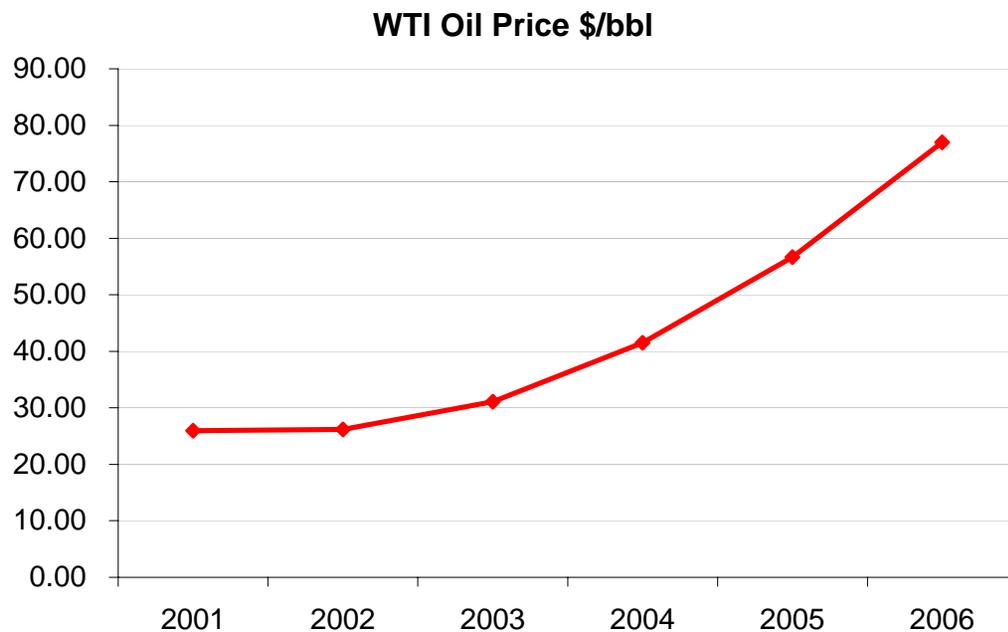
SOURCE: EIA

NOTE:

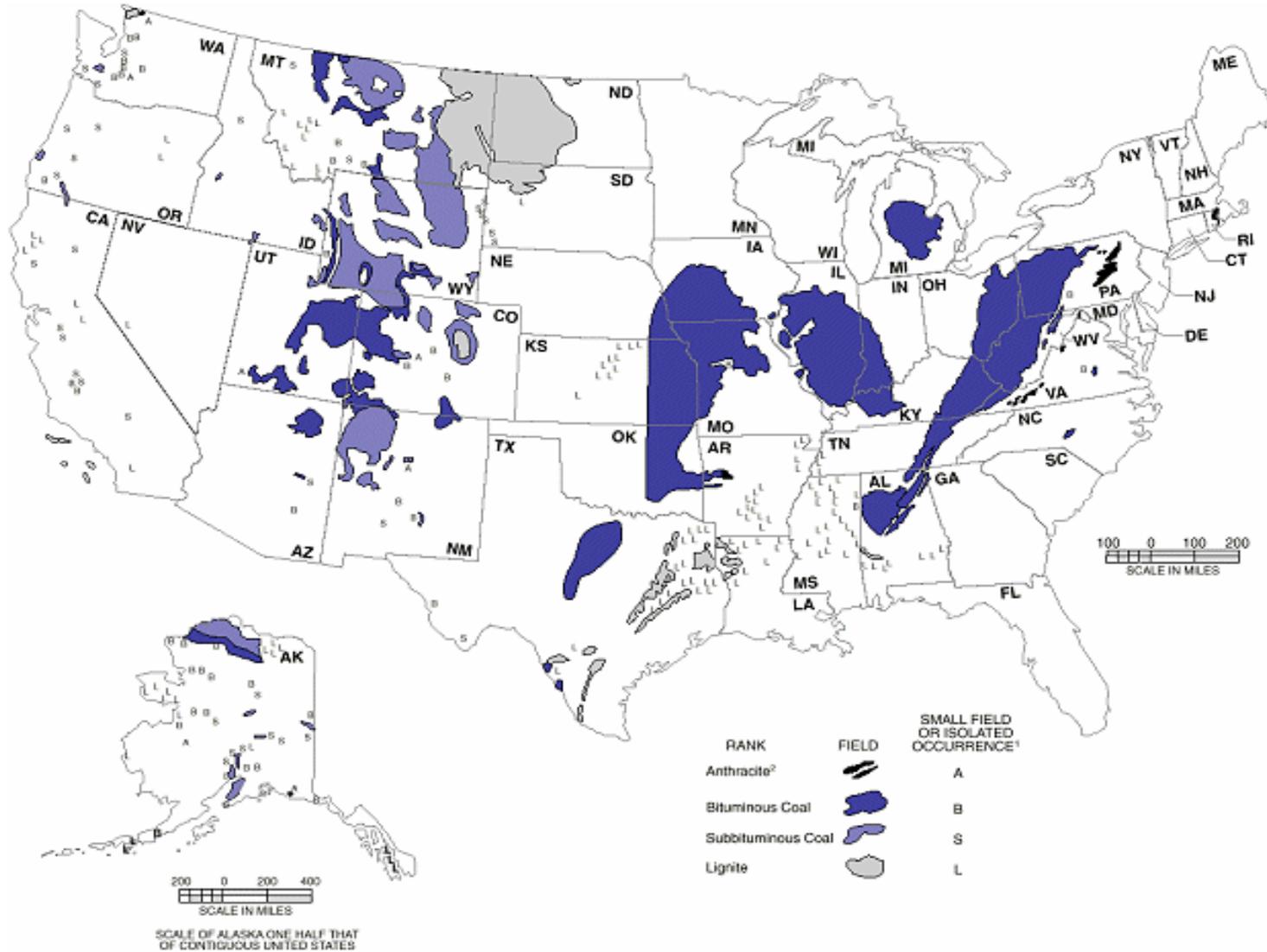
1. Unstable governments defined as OPEC, Persian Gulf, Angola, and Russia

Dependence on Foreign Oil

- In the last five years, the price of oil has increased 196%
 - With limited reserves and growing global demand, prices are not expected to decrease
 - Any number of events, which are out of our control, could drive the price of oil even higher
- We need a practical solution to this growing crisis



Coal Opportunity

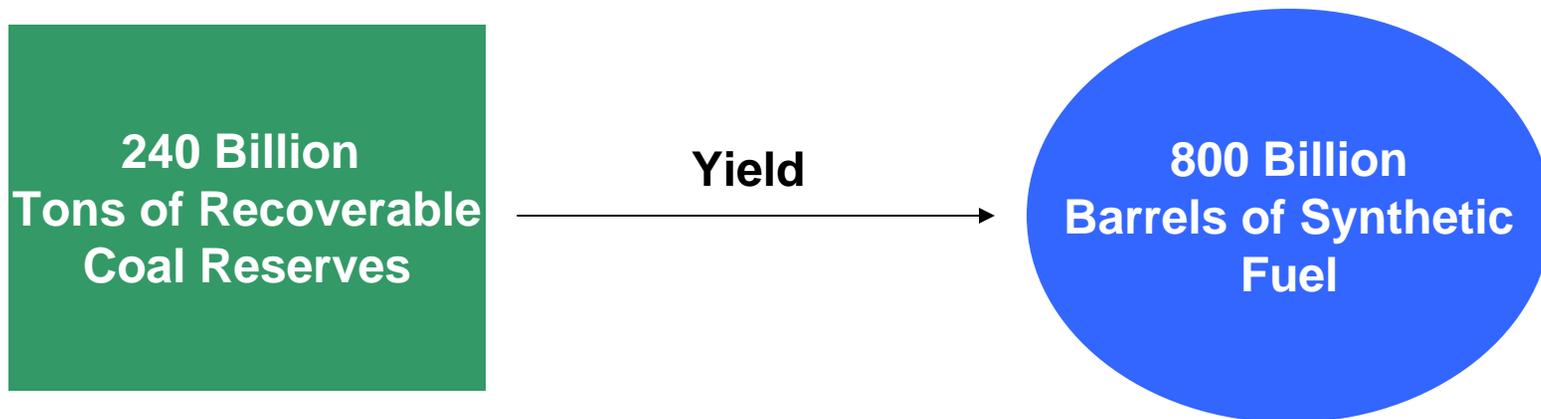


38 states in the U.S. have coal reserves

On an equivalent energy basis, we have a larger energy resource base of coal than the OPEC nations have of oil

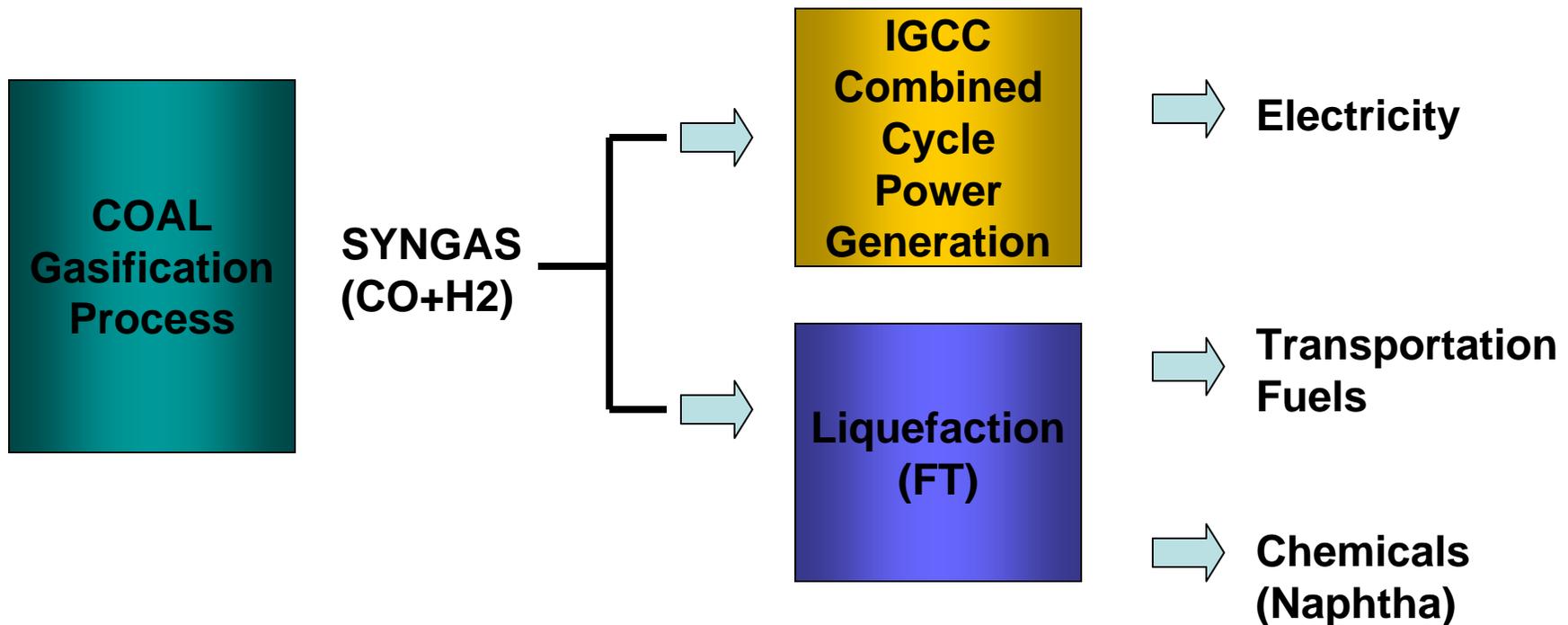
Coal Opportunity

- There are approximately 240 billion tons of recoverable coal in the US, equal to $\frac{1}{4}$ of the world's coal reserves
 - Coal will last twice as long as the combined crude oil and natural gas reserves at current usage rates
 - The price of coal is relatively stable compared to other fossil fuels due to its abundance



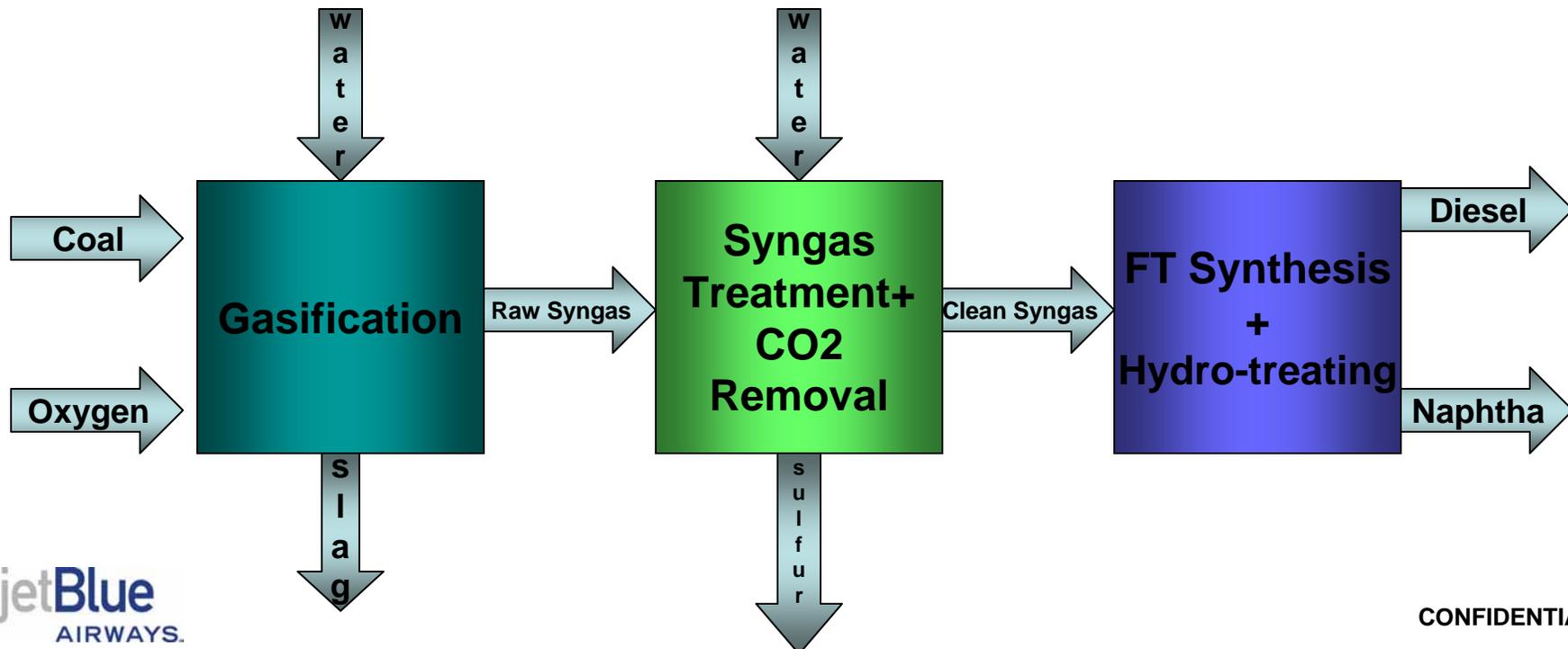
Gasification & Fischer Tropsch (FT)

- Gasification is a proven and reliable technology that can convert coal into an ultra clean and usable syngas (CO+H₂)
- Gasification & FT products include: Electricity, Natural Gas, Diesel, Jet Fuel, Ethanol



Gasification & Fischer Tropsch (FT)

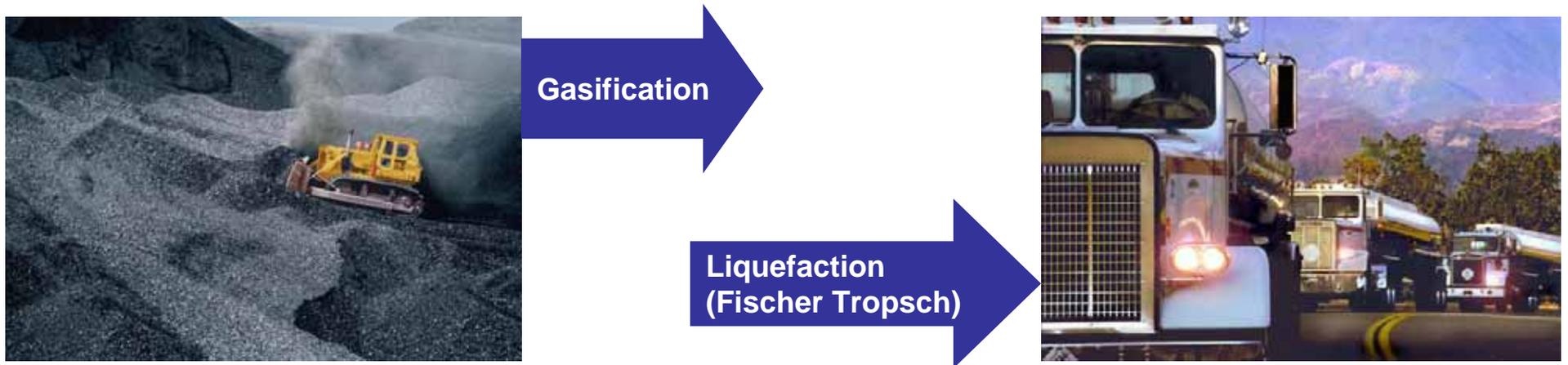
- Fischer Tropsch process invented by German researchers in the 1920's to produce liquid fuels and was used by Germany during WWII
- Process was used in the 1950's in South Africa to meet it's energy needs during it's isolation under Apartheid
- Today South African Coal Oil and Gas Corp. (Sasol) uses FT to produce 150,000 barrels/day of synthetic fuels



Environmental Impact

- CTL can create a platform for a carbon sequestration protocol which currently does not exist
 - Carbon capture and sequestration (CCS) technology would provide for Enhanced Oil Recovery (EOR) or permanent sequestration
- Encouraging the advancement of clean coal IGCC plants could substantially decrease what would otherwise be emissions to the atmosphere
- Emissions characteristics of ultra clean diesel include:
 - Reduced nitrous oxide
 - Little to no particular emissions
 - Low sulfur and aromatic content

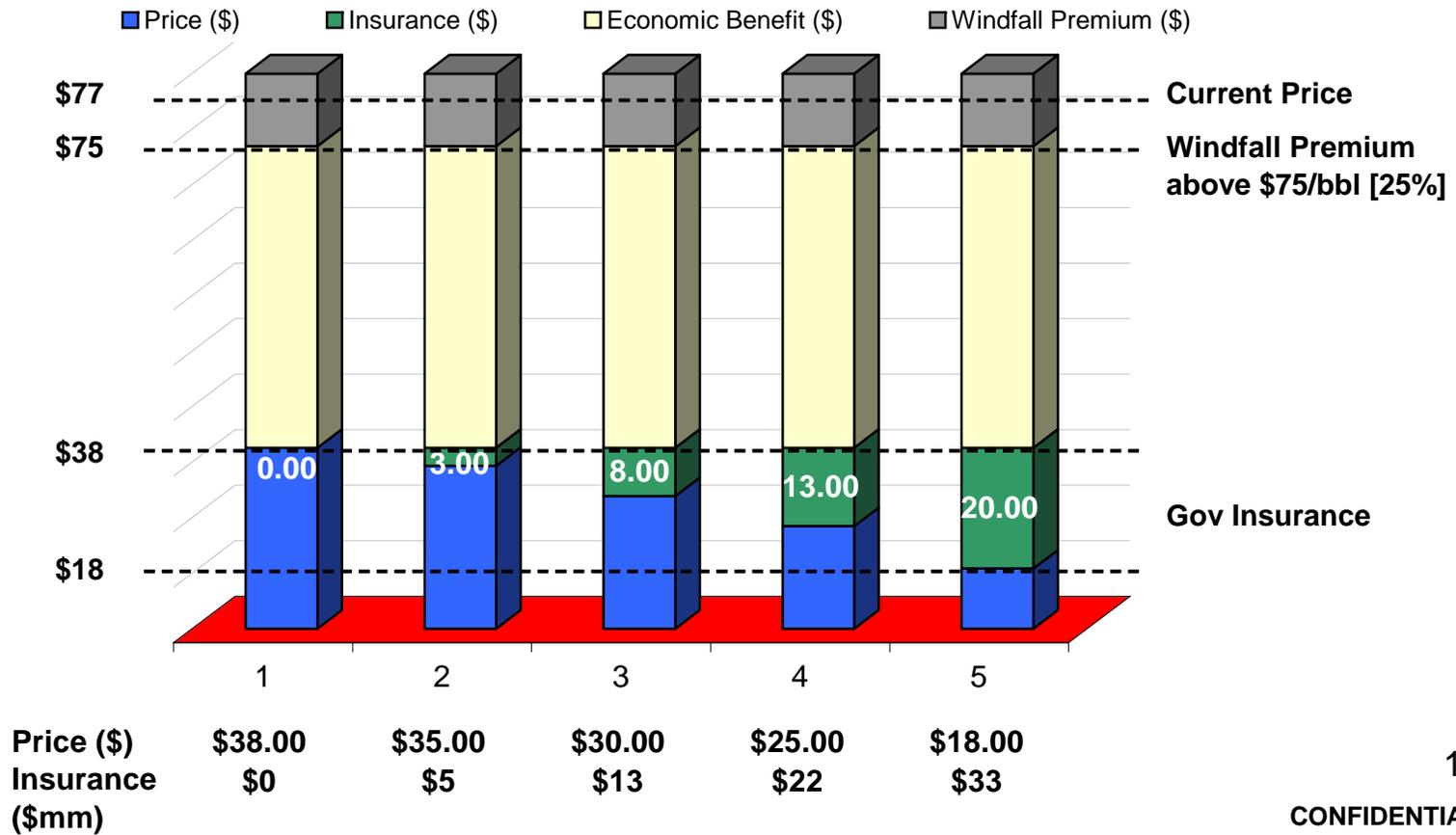
Consumers Transportation and Energy Security Act of 2006



- Construct a minimum of 10, as many as 45 environmentally friendly coal to liquid plants that utilize domestic coal to produce refined petroleum products with guaranteed *long-term military off-take ability*
- Proven technologies such as Gasification and Fischer Tropsch can be used to convert America's plentiful and underutilized coal supply to synthetic fuels
 - Each plant would be capable of producing 20 million barrels per year and could cover about 1/4 of America's oil imports
- America will gain *security of supply*, a protected source of truck and aviation fuel for both military and civilian purposes, a favorable change in the balance of payments, and significant employment, environmental and consumer benefits

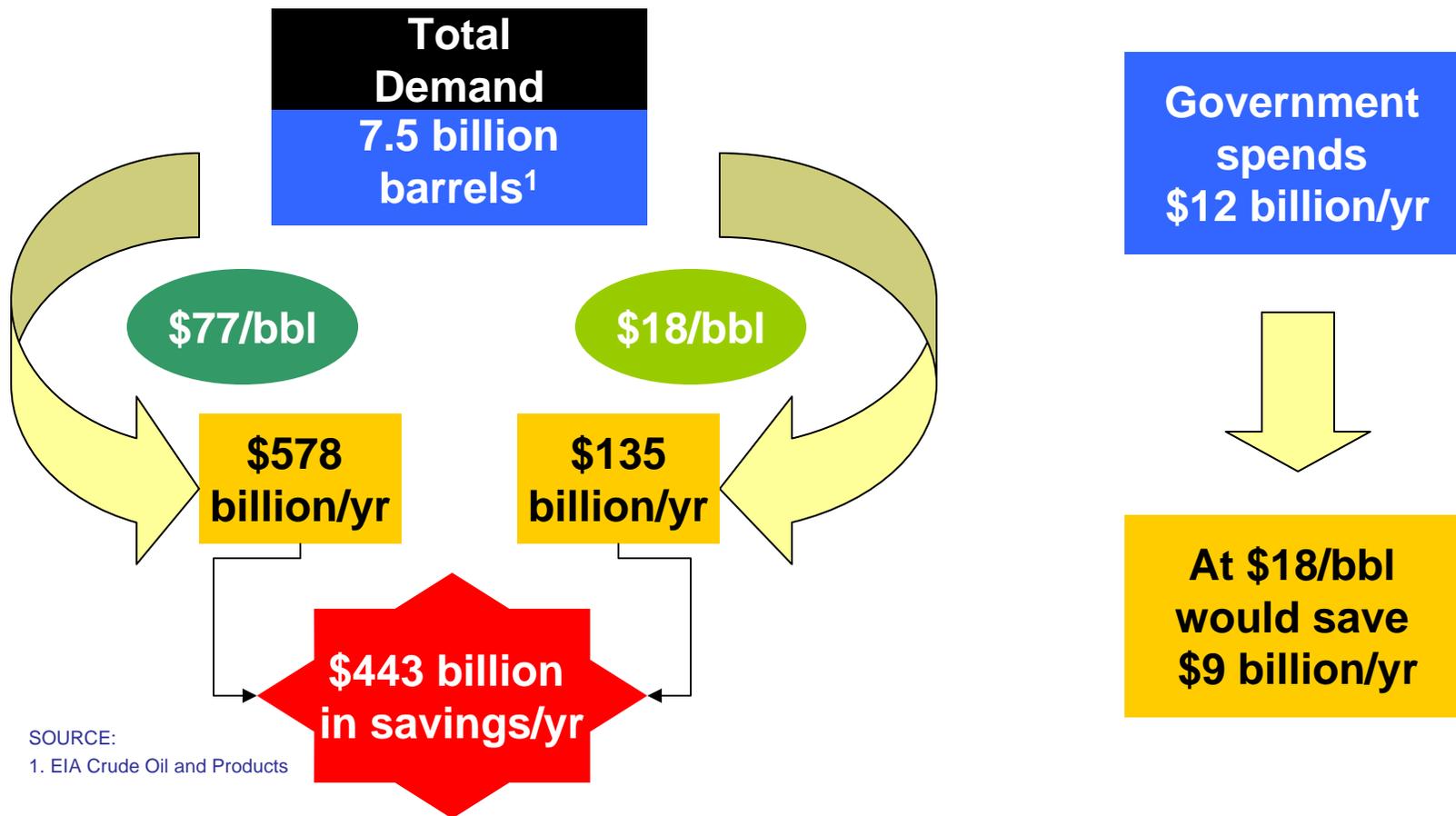
Proposal

- Government guarantee 100% of the capital investment for each \$4 billion plant by insuring capital cost of \$38 to \$18/bbl or \$33 million per month
 - For 45 plants, the maximum government would insure \$18 billion per year @ \$18 bbl
- Windfall Premium
 - At any time the price of crude is above \$75/bbl, program participants would pay to the government [25%] of all revenue collected above \$75 bbl



Economic Impact

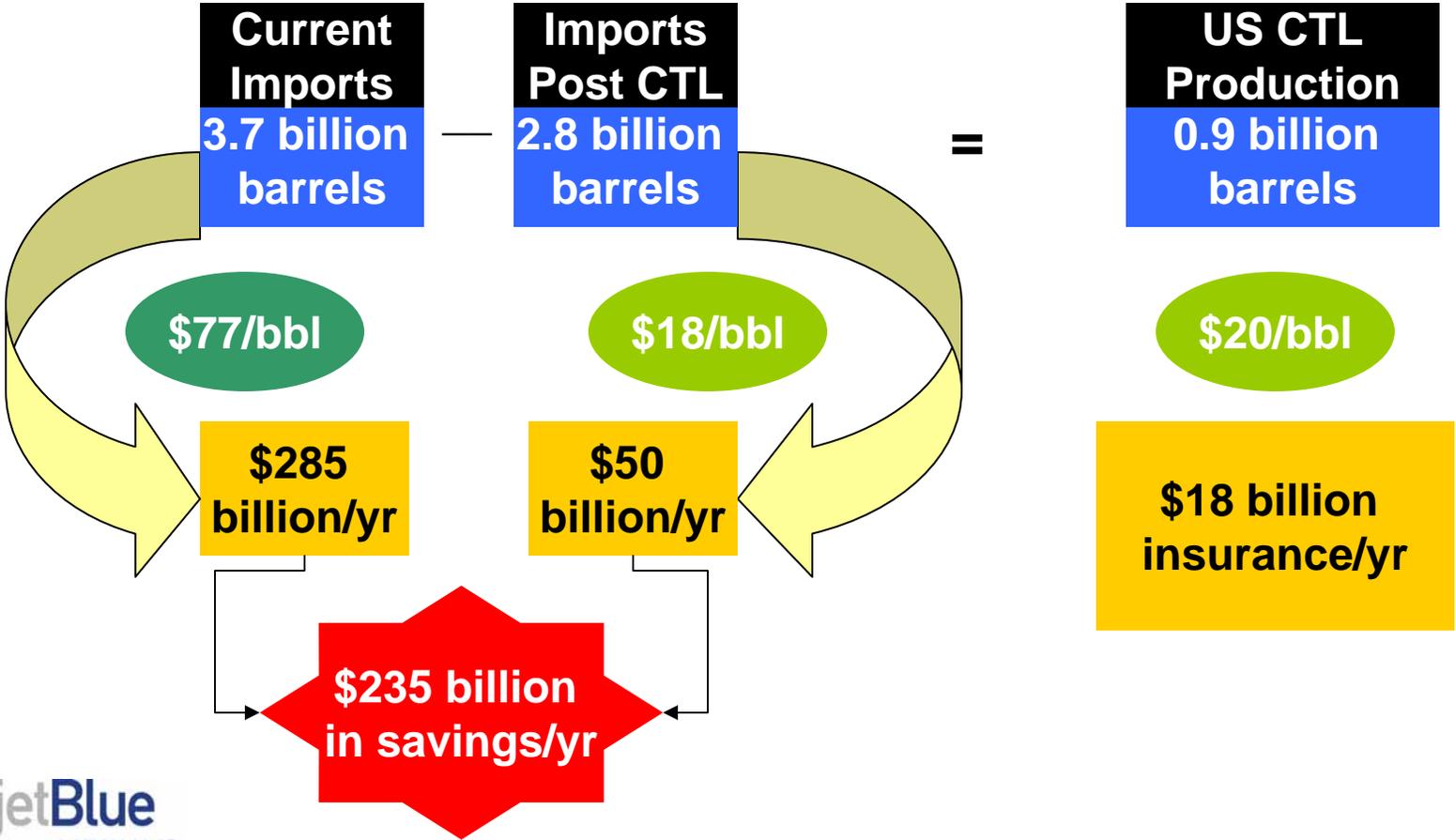
- If fuel decreases from \$77/bbl to \$18/bbl, the consumer would save \$443 billion dollars



SOURCE:
1. EIA Crude Oil and Products

Trade Impact

- Assuming competing sources of fuel drive the price of oil to \$18 / barrel, the economy is better off by more than \$235 billion dollars in annual trade benefit



Economic / Social Impact

- If the government is providing insurance for CTL projects, the country as a whole benefits including those most affected by the skyrocketing oil prices:
 - Military
 - Consumers
 - Transportation Industry
 - Hotels
 - Automakers
- A new industry would be developed and millions of jobs would be created
- **Most importantly, the United States will take a monumental step towards achieving independence from foreign oil and ensuring national security**

CALL TO ACTION

